GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:109
ANSWERED ON:03.03.2016
Effective Implementation of Electricity Act, 2003
Jadhav Shri Prataprao Ganpatrao;Yadav Shri Laxmi Narayan

Will the Minister of POWER be pleased to state:

(a) whether the Government is satisfied with the implementation of Electricity Act, 2003, as amended from time to time, if so, the details thereof;

(b) the extent to which healthy competition has been brought in the power sector as a result thereof;

(c) whether the instances of violation of norms stipulated in the Electricity Act, 2003 to create a competitive environment has been reported, if so, the details thereof;

(d) whether the Government has inquired about the enforcement of the said provision in various States including Delhi, if so, the details thereof; and

(e) the corrective steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) to (e) : A Statement is laid on the Table of the House.

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STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 109 TO BE ANSWERED IN THE LOK SABHA ON 03.03.2016 REGARDING EFFECTIVE IMPLEMENTATION OF ELECTRICITY ACT, 2003.
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(a) & (b) : Yes, Madam, Government of India has enacted the Electricity Act, 2003 to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry and for protecting interest of consumers.

With de-licensing of generation (except through hydro projects) through the Electricity Act, 2003, the power sector has witnessed multiplicity of players in the segment. The Transmission capacity has also increased with participation of Private Sector.

Further, as per the Electricity Act 2003, Regulatory Commissions have been empowered to frame necessary Regulations to implement the provisions of the Electricity Act, 2003. Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commission (SERCs)/Joint Electricity Regulatory Commission (JERC) have framed the necessary Regulations required in the Act. Power Market has been developed by the Central Commission as per the mandate under the Act. During the year 2014-15, through Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL), Open Access consumers under Day-Ahead market, have transacted a volume of 12084.18 MU and 102.95 MU respectively. The trading licensees and the power exchanges authorized by the Commission have brought in the desired competition in power sector.

(c) : Open Access is one of the cornerstones of the Electricity Act, 2003 to facilitate supply of electricity from the surplus region to deficit region and to tap the source of electricity such as captive generation and renewable generation. State commission have been empowered to permit open access on the existing Distribution Licensees network on payment of surcharges and wheeling charges. However, some instances of denial of open access have been brought before the Commissions. Some State Governments have issued orders under section 11 of the Electricity Act, 2003 restricting flow of electricity beyond their boundaries. The Commissions have taken action in line with the provisions of the Act. In some cases the issue is sub-judice.

(d) & (e) : The Electricity being a concurrent subject, the provisions of the Act provides for the functions and responsibilities of the Central and State Governments as well as different statutory bodies and entities defined under the Act. The Central Government has been pursuing with the State Governments at various fora for implementation of various provisions of the Electricity Act, 2003 from

time to time. As per information provided by DERC, there is no instance of violation of norms observed as stipulated in the Electricity Act, 2003 to create a competitive environment in Delhi.

Though, there have been impressive achievement in the areas of augmentation of generation capacity, establishment of National Grid, a multi-layered regulatory framework, private sector participation, development of electricity markets and exchanges and restructuring of State Electricity Boards, still there is a need to review the provisions keeping in view the overall objectives of the said Act to bring in further competition and efficiency. Accordingly, Electricity (Amendment) Bill, 2014 was introduced before the Lok Sabha on 19.12.2014. The Bill was then referred to Parliamentary Standing Committee on Energy. The Committee, after detailed examination, has submitted its report on 07.05.2015. Based on the recommendation of Standing Committee, the revised Electricity (Amendment) Bill, 2014 is being finalized.

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